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gfiles

INSIDE THE GOVERNMENT

'Coal mafia can be contained, not eliminated'

BIG BOSS

chairman, coal india | partha s bhattacharyya |

interviewed by **ANIL TYAGI**

Partha S Bhattacharyya has been Chairman of Coal India Limited (CIL) since October 2006. He introduced the Integrity Pact in high-value procurements and also greater thrust on underground mining and land reclamation. Earlier, he was Chairman-cum-Managing Director of Bharat Coking Coal Ltd (BCCL). Under him, it made a profit of Rs 203 crore in 2005-06 for the first time. He is credited with introduction of e-marketing of coal in BCCL which was later adopted by other coal companies. He was given the Chief Executive of the Year Award for 2005 by the Indian Institute of Materials Management for his achievements in BCCL.

He has been the brain behind CIL's capital restructuring exercise, its negotiations with the World Bank and Japanese Bank, the introduction of group gratuity scheme in Western Coalfields Ltd, the system of management of currency and interest rate risks by use of advanced derivative products in CIL. A post-graduate in physics from Jadavpur University,

Kolkata, he has been conferred a fellowship by the World Academy of Productivity Science.

gfiles: How does Coal India stand in India's energy sector?

Partha S Bhattacharyya: The world over, coal accounts for over 27 per cent of the total primary energy supplies and consumption. In India, this is 55 per cent, which highlights the importance of this sector. As against 39 per cent for oil and gas together. As per the Integrated Energy Policy, the dominance of coal will continue and might drop to about 51 per cent in 25 years.

Coal India holds a market share of over 82 per cent. The captive block allottees will develop their blocks and a significant amount of coal production is expected from them: more than 100 million tonnes by the terminal year of the Eleventh Plan and over 330 million tonnes by the terminal year of the Twelfth Plan.

gfiles: Are you going to meet the target of the Eleventh Plan?

PSB: In this Plan, the target for coal production is 680 million

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BIG BOSS

tonnes. The projected consumption being 731 million tonnes, the gap of 51 million will be bridged by imports. Coal India has a target of 520 million tonnes which is 159 million tonnes more than the 361 million tonnes achieved in the terminal year of the Tenth Plan. It is 45 per cent more than what we achieved in the Ninth and Tenth Plan periods taken together.

gfiles: *What are the obstacles?*

PSB: Since you have to increase coal production by this extent – quite unprecedented in this country – you need to develop large projects with large-sized equipment. So global procurement of a different kind of equipment is needed. This means maintenance repairs contracts for a long-term period, with its attendant complications. So we have to ensure the procurement takes place with least delays.

The action that we have taken to meet this challenge is basically for mitigating procurement delays. We have developed

‘Underground mining is 14 per cent, it should be 80 per cent. In 25 years, open cast reserve will not be available and we will lack technology to mine below 300 metres’

the bid documents to avoid getting tenders into any road-block. We are making it compulsory to sign an integrity pact with the CVC's clearance.

Another challenge is massive socio-environmental impact of large-scale coal production. In India, mostly tribal population inhabits the places, close to forests and dependent on them for daily needs. Once we start mining, it poses serious environmental and social problems besides snatching their sustenance. But mining is important for sustaining the country's growth. For every large open cast project, land is degraded initially. Thereafter, equal

weightage should be given for restoring and reclaiming the land. Unfortunately, despite the fact that reclamation-restoration is inbuilt in the plan, the project officer or colliery manager is judged more by his effort in achieving the production target than restoration. We are trying to rectify this. Satellite surveillance is being used to compare the situation at the beginning of coal extraction and at the end.

gfiles: *In Jharia, people are living atop a coal inferno.*

PSB: Jharia has a very specific problem. The population density is almost as high as an average town. People have been living in the coal belts since the beginning of the last century. Coal was mined a little unscientifically before nationalization of coal mines. Coal pillars were untouched. These pillars are in contact with the atmospheric oxygen and catch fire. The fire has spread all around. We have identified an alternative site to the north of Jharia – a non-coal bearing zone – where we can relocate people.

This plan is at an advanced stage and needs government approval. Consensus has been achieved between the governments of West Bengal, Jharkhand and the project proponents regarding the compensation package for the people being moved. A similar problem exists in Raniganj. We have a Raniganj Action Plan too.

It involves rehabilitation of 400,000 people; 80,000 houses will have to be built. Once this is done, we can go in for fire-fighting. In many isolated pockets, we have taken away the burning coal. Here, it can be done only after people have moved out from the danger area.

gfiles: *What is another obstacle?*

PSB: Land acquisition is another very sensitive issue. Land is raw material for us. The aggregate land acquisition is about 40,000 acres per year. We must give the people a quality of life change, particularly for tribals who have to be moved *en masse*. Their identity and culture must be preserved but their living conditions must also improve. We have done it in Ishwar Marandi Nagar village in Godda district, under the Rajmahal project.

gfiles: *It is said that underground mining is being neglected and there is no equilibrium between underground mining and open cast mining.*

PSB: Our focus on underground mining

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LETTERS: I read “Lambs in the arms bazaar” by Maj Gen Mrinal Suman in the June 2008 issue of *gfiles*. Maj Gen Suman has rightly pointed out the unprofessional attitude of the defence ministry on procuring arms for the safety of the country. It is surprising that

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From the Editor-in Chief

THE legendary American media critic, AJ Liebling, author of the runaway bestseller *The Wayward Press*, was as ardent a champion of Press freedom as you can find anywhere. He believed in the dictum that given the choice of having a Government without the Press or the Press without a Government he would unhesitatingly choose the latter.

Yet, this relentless champion of liberty and freedom as represented by an unfettered Press was always edgy that if the Press did not live up to its onerous responsibilities it would be committing hara-kiri – the self-inflicted mortal wounds that result from ignorance of responsibility and social consciousness. As a self-appointed media watchdog whose opinions echoed in every major newsroom when he thundered forth, he was remorseless in his attacks on the very institution he so revered.

In keeping the Press honest and introspective and self-correcting when it erred, Liebling was performing his chosen task of keeping it free. And freedom, he said, was ultimately the outcome of credibility, the one attribute that would keep the ordinary people on the side of the Press against the forces that would try to suppress its voice.

But he lamented that more often than not the media barons played into the hands of vested interests, reporters carried out vendettas, personal scores were settled by editors, unchecked, single-source stories were displayed as gospel truth. No wonder then, that he once called the Press “the weakest slat in the bed of democracy”.

Since the Press is an irrevocable part of governance – in fact, an important catalyst of good governance – which is the editorial leitmotif of *gfiles*, several stories in this issue focus on the media and the bureaucracy. One deals with the ongoing controversy regarding the attack by the Ahmedabad edition of *The Times of India* on the newly appointed city Commissioner of Police as an accomplice of a local mafia don. The officer has registered a case against the newspaper. The Editors Guild and related civic bodies have rushed to the aid of the *Times*, questioning the right of the accused to seek judicial recourse against what he considers libel.

gfiles is not taking sides on this issue. But the case raises some controversial issues of public importance that should be debated. What is a government official to do when facing front-page accusations based ostensibly on a statement made by a minor gangster? Civil Service regulations preclude bureaucrats from going to the media. Politicians back off from coming to the rescue. So how else can an officer defend himself against a mega media organization like the Times Group except by taking recourse to the law?

Yet, it is imperative, for the functioning of good governance, that the civil servants who run the country should interact with the media. So, on the positive side, we are running three interesting stories. One is about a brilliant media management campaign – in the best interpretation of that term – that prevented the government from launching a knee-jerk advertising campaign to bail itself out of the UTI mutual fund mess. In this case the Press and Government talked as equals and prevented what could have become a major national financial disaster that could have impoverished millions of investors.

The other story – though not directly related to the Press but rather to the entertainment media – is about how a dashing young Additional Commissioner of Police has done away with archaic censorship rules and regulations formulated by the British Raj to keep “subversive” ideas away from Indians, and allowed glasnost to rule the licensing procedures for foreign film festivals.

In addition, our special report on UP, written by one of the most experienced civil servants in the country, shows the huge disconnect between the government’s fantasy and the ground reality in Uttar Pradesh. UP’s bureaucrat PR spin doctors call their state “Uttam Pradesh”, while the media calls it “Ulta Pradesh”. Both may be exaggerating. But the truth can only come out with proper, reliable information. And so the writer argues that instead of trying to sabotage the Right to Information Act as UP bureaucrats are wont to do, they should let the sunlight in so that the Press can more accurately highlight problem areas based on documentation rather than rely on hearsay and perception.

That’s the *via media* in the Government-Press relationship that should remain adversarial in the interest of checks and balances, but based on fairness, open debate and access to information.

INDERJIT BADHWAR

LETTERS

Continued from page 3

India is preparing to buy \$15 billion worth of arms from the market but does not know how to purchase – unaware who will supply what at what price. It's a colossal waste of public money. Maj Gen Suman should write more on these subjects so the people can understand the intricacies of the deals in a better way.

*George Mathew,
Mumbai*

The interview with Power Secretary Anil Razdan (June 2008) was exhaustive. He spoke well on every aspect of power. According to him, a huge sum of Rs 7,00,000 crore for one Five-Year Plan is required for generation, transmission and distribution of power. But won't the big power companies capture every contract to the neglect of small players? How will the government guard against this?

*Nirmal Chand,
Kanpur*

The media continuously paints a poor picture of the Central Bureau of Investigation (CBI) in terms of its performance. But Director Vijay Shanker (June 2008) proved with sound statistics and logic that the investigating agency is doing a commendable job. It was a revelation to me – as it should be to all – that the CBI has been able to achieve 67-74 per cent conviction rate, including conviction of 100 accused out of 123 tried in the Mumbai blasts case. This is no small achievement.

*Neeraj Kumar,
Delhi*

With reference to the article titled "Cry Baby Competition" (May 2008), the phrase "police-political nexus" causes pain to many of us who feel that it is contrary to the legitimized powers given to the police to enforce the law. Yet, the police are human beings and, like every other Indian, not above social and political influences.

The "loyalty of the police" as agents to enforce law leads to the growth of the nation. The police should contribute to this growth rather than impeding it and hence only those IPS officers who prove their worth should be given incentives and considered for parity with the IAS.

*Dr Nisha Bala Tyagi,
Miranda House, Delhi University*

BIG BOSS

Continued from page 2

has been lacking. It is 14 per cent, it should be 80 per cent. It used to be about 65 million tonnes. It has decreased to 43 million tonnes. After we reviewed the depth-wise reserve situation, we found further continuation of this policy will make the whole situation unsustainable and coal reserves will not be available for long. In 25 or 30 years, open cast reserve will not be available and we will lack technology to mine below 300 metres.

gfiles: *Open cast mining produces high ash content coal, compared to underground mining. How are you going to check the quality?*

PSB: It is not a question of quality balancing but of having reserves longer. We have to infuse technology now and develop underground mines not done so far. Our programme is to increase coal production from underground mining from 43 to 75 million tonnes by the end of the Eleventh Plan. Actually, the action plan documents talk about 54 million but we are adding to it another 21 million to make it 75. We are introducing a new kind of technology called highwall mining.

gfiles: *You have funds to implement the Special Plan for the Eleventh Plan?*

PSB: The Eleventh Plan will require about Rs 18,000 crore, which comes to Rs 3,600 crore per year. We are generating resources to the tune of about Rs 8-9,000 crore per year. So resources are not a constraint. We are a zero debt company and have at least Rs 20,000 crore waiting to be invested.

gfiles: *You are earning Rs 10,000 crore but you have not been given the Navratna status.*

PSB: We did not know we have to apply to get it. We thought it is automatically accorded. After we applied, we were told that first we have to become a mini Navratna. If we knew, we would have applied for mini Ratna five or six years ago. After this, becoming Navratna would have been automatic. We applied in 2006 end, we were conferred mini Ratna in 2007.

The government recognizes that Coal India needs to be empowered to meet the growing requirement of coal. And we may have to meet a part of the demand by working overseas. Coal Videsh is one of the initiatives we have taken now. We would like to mine abroad and bring the coal back. We have asked for empowerment to take properties abroad. Once Navratna is accorded, part of the empowerment is available.

gfiles: *It is alleged Coal India is not producing quality coal.*

PSB: We are fully alive to the allegation. We sell coal on mine basis from open cast mining. After removing overburden, we take out coal and sell it. This process is bereft of beneficiation of coal. Indian coal is high in ash content. We cannot control quality much by washing. Also, while selling coal on mine basis, a small mixture of overburden into the coal cannot be ruled out as it is mechanical. Even if the overburden gets mixed slightly, there will be inconsistency or ash between rack to rack supplying coal from a particular mine to a particular customer.

gfiles: *But the customer is paying for quality coal.*

PSB: Correct. There are two issues: pricing of coal and the way it is sold. Coal is divided into seven grades, each having a particular band of useful heat value. The band width of about 800 to 1300 kilo coal calories is transformed into an equivalent of 6 per cent ash. This means that, when

Collieries: underground underworld



'We are in a very stable and firm position. This year we should be crossing the Rs 10,000-crore profit mark'

the ash percentage varies from 6 per cent, plus or minus 3 per cent, even then the grade doesn't change. It is not a right pricing system.

gfiles: *Are you going to correct it?*

PSB: Yes. The proposal has been sent and the Ministry is supporting it. The bands have to become narrower. There will be a change in the quality parameters.

gfiles: *What about coal washing?*

PSB: We have capacity for washing 20 per cent of coal. We are washing about 15 per cent. One reason is that the consumer and the producer of coal have argued all these years as to who should bear the cost of washing. The stand we have taken in recent times is that if I have to supply coal of a particular parameter I cannot do it unless I wash it. If I am stating some specification I should be able to supply materials of that parameter.

So I must bear the cost of washing. After washing, the heat value increases. For this, the consumer should not mind paying more. From that payment, I will bear the cost of washing.

gfiles: *You face a problem in setting up coal washeries?*

PSB: Resources is not a constraint. We have decided to build washeries on a BOM (Build, Operate, Maintain) model for a period of 10 years initially, to be renewed for five years. We will give the money to set up the washeries. We are trying to get state-of-the-art washeries where water consump-

tion is minimum. The rejects will be used to generate secondary power, and the final rejects will be used for land filling. This will be a move towards a clean coal technology.

gfiles: *What is Coal India's position at present?*

PSB: We are in a very stable and firm position. This year we should be crossing the Rs 10,000-crore profit mark. We are growing at close to 9 per cent this year. Due to inflation and other things, the annualized increase in coal price has been 3.7 per cent roughly. Coal price increase has been less than inflation.

gfiles: *People say that Coal India's overhead expenses are high.*

PSB: No. We are a company with 427,000 people, including 16,000 officers – all engaged in a very difficult task. They expect to be paid at the best possible rates in the public sector. Our cost of production is the lowest in the world. My average cost of production is about Rs 650 per tonne or about \$16. Show me one coal mine where coal is produced at less than \$16 per tonne. In man-machine combination productivity, we are one of the best. You have to attain a very high level of equipment productivity if your wage levels are high. If I am paying like in Australia, where they pay about \$15-20,000 in a month, then I have to operate high levels of equipment productivity. Equipment productivity and man productivity have to have a balance in order to optimize in reduced costs. If I achieve the objective of operating at the lowest cost, I think I have answered every criticism.

gfiles: *Is manpower retention a problem?*

PSB: Yes. Globally, mining has become attractive. We have already started losing mine engineers and geologists. Once the pay panel report is implemented, I think an exodus will not happen. Middle and senior level salaries are going to jump. We are seriously looking at human resource issues, upgradation and training. Opportunities are increasing in Coal India also. We

are having many joint ventures.

gfiles: *What about lower levels?*

PSB: Wage negotiation is on. We have given interim relief of 15 per cent of the basic pay. Right now I can't say how much it will be.

gfiles: *What are you doing about the coal mafia?*

PSB: One major activity which used to be there before 2004 was getting coal at notified prices and selling it in the black market at higher prices, mainly to brick manufacturers. We observed that once we issued the delivery order, it used to change hands. We were losing the premium but we could not do anything as we used to sell coal at notified prices. We introduced the system of e-auction. Coal is available on the site and anybody can bid. That has put a stop to the coal mafia selling coal at higher prices.

gfiles: *But what about the mafia on the rail tracks?*

PSB: These places are maintained by CISF. If DIG, CISF and the SP are efficient in that area, it can be contained. We have seen it happening. It is a local problem. It can be contained, not eliminated. This problem is acute in Jharia where people are living on coal. There is illegal mining but they are getting a pittance. This process is in-built in the system.

gfiles: *But transportation is a big problem?*

PSB: No. Growth in internal transport capacity has not increased. Transport from pithead to railway siding is not growing at desired rate owing to slow addition of new fleet. Most of our contracts are annual. The contractors hire trucks. We are now increasing the contracts for five years with a rider that they have to buy new trucks. They can repay the bank during that period easily. Fleet addition will take place soon.

gfiles: *You deal with seven states. How do the DM, SP and DIG, CISF play a role?*

PSB: I am happy with their cooperation. They can help us in a number of ways. Collectors can help us in land acquisition. Some of them really take interest and acquisition becomes faster and forest clearance is speedily obtained. SP particularly can play a big role in stopping theft of coal and illegal mining.

gfiles: *How much cooperation do you get?*

PSB: I would say it varies from being excellent to below desired level. We have a task force mechanism at district level. Chief Secretaries are very receptive. Generally, we brief them and get a good response. **g**



'We introduced e-auction. Coal is available on the site and anybody can bid. That has put a stop to the coal mafia selling coal'

Off with his head, said the Queen up chief secy axed

UTTAR Pradesh Chief Minister Mayawati, after her return to power, brought in PK Mishra, a 1972-batch IAS officer, as Chief Secretary in an attempt to project honesty in her new government's dealings.

Sadly, hardly a year later, Mishra was made to resign from the post and the service when he declined to oblige the Chief Minister's unlawful diktats. Sources say Mayawati wanted to allot 70 acres of land to an NGO on Lucknow's Mohan Road for establishing a private university for differently abled persons. The NGO, Dr Shakuntala Mishra Smriti Sewa Sansthan, is owned by the de facto chief minister of the state, Satish Chandra Mishra, and is named after his mother.

The Chief Secretary had objected on the grounds that the size of the plot was out of proportion with the size of the NGO, the financial status of the NGO had not been made available, the plan for infrastructural development had not been spelt out, and the piece of land, being agricultural, requires farmers' consent before acquisition.

At a Cabinet meeting, Mayawati held out a prepared note and



asked Mishra to sign and substitute it for the note containing his objections in the file. When he refused, she became furious and asked him to resign. The issue has not yet died down.

The Shia Waqf Board is also opposing the land acquisition for this university, claiming that the state government is forcibly acquiring 18 acres belonging to the Shahadra mosque, imambara and graveyard.

Chandrika flashes an Indian card faith in fate

IT looks as if Indian politicians and bureaucrats are not the only ones who look to soothsayers, crystal ball gazers, healers and numerologists to solve personal problems or anticipate events. Sri Lankan leaders seem to have a similar predilection. In February 2007, Mata Amritanandamayi, Amma, the famous "Hugging Mother" of Kerala, visited the island nation and gave a healing hug to President Mahinda Rajapaksa.

More recently, former President Chandrika Kumaratunga was in Srinagar, Kashmir to attend a meeting of the UNESCO-affiliated South Asia Foundation headed by Ambassador Madanjeet Singh. Kumaratunga, who was staying at one of the Kashmiri capital's poshest hotels, made a beeline for a special room that is reserved for a famous Indian tarot card reader and colour therapy healer. She spent close to an hour having her cards read, most of the questions pertaining to the island nation's political future as well as the personal fortunes of some of her political rivals. What she learned she isn't telling but she may now be holding a few cards of her own regarding what lies ahead in her troubled country.



Driver raj at AICC high & mighty charioteers

THE powers that be at the headquarters of the All-India Congress Committee (AICC) at 24 Akbar Road, New Delhi are laid low by one common fear – that of their drivers.

When Union Minister for Tourism Ambika Soni was an all-powerful AICC General Secretary, she used her personal Esteem (number 3330). Later, lowering the bar, the AICC purchased it for a price much too high. This deal was her last hurrah before her exit from the party organization. The AICC then spent a considerable amount on its repair and it was AICC treasurer Motilal Vora's official car for quite some time.

Its next stint of duty was at the official residence of Congress president Sonia Gandhi, where a powerful staffer used it. One fine morning, its driver, Dhanraj, an AICC employee, arrived with the keys at 10 Janpath and casually stated that the car had been stolen from Connaught Place. The police has been unable to trace a car belonging to the country's most powerful household till now. And the AICC has not dared fix responsibility on the driver, who



is still attached to 10 Janpath.

Another AICC driver, Munna, is particular about his hours of duty: 10 am to 5 pm. If he is driving a Congress leader to some place, at 5 pm he will halt, switch off the engine and hand the keys to his hapless passenger. Sushil Kumar Shinde and Ambika Soni have been at the receiving end.

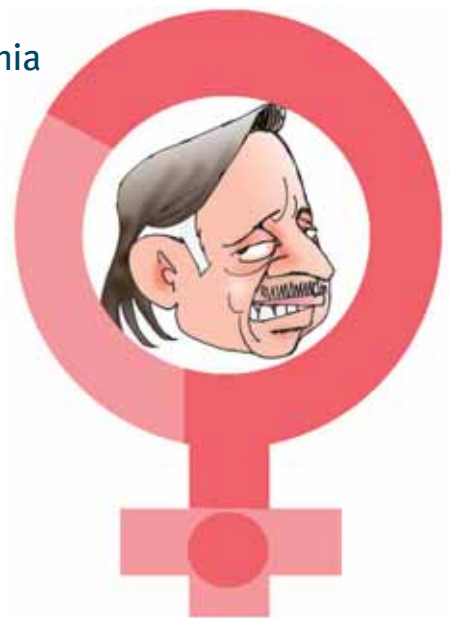
Now, why is the AICC so helpless when it comes to these errant drivers? Simple! Drivers, of all staffers, know about skeletons in closets. If angered, they just might spill the beans to the media.



Aiyer's women problems talks his way out before sonia

Minister for Development of North-Eastern Region Mani Shankar Aiyer is known for his passion for women's empowerment and decentralization of power, pursuing it with missionary zeal since his days as an IFS officer. And his reputation helped him out of a tricky situation recently, as he narrated with great glee to the senior officers of his Ministry. It seems that complaints about the large number of women friends Aiyer has found their way to Congress president Sonia Gandhi. She summoned him and sought an explanation. He replied with a counter-question: is there anything wrong in having women friends? No, she smiled. Aiyer then elaborated that Panchayati Raj had been a victim of gender bias and it was imperative that women be brought on a par with men and be treated well. I treat them honourably, give them their dues and have no qualms, he asserted.

He then enquired if any woman had complained against him. When the reply came in the negative, he left 10 Janpath with a Cheshire cat-like grin on his face. **g**



How UTI-64 was saved (for a while)

A former government media adviser reveals the quiet diplomacy that averted a financial disaster

by S NARENDRA

ON June 1 this year, *Business Standard* had a story headlined “Unit Scheme 64: RIP” with a slug saying “India’s first MF scheme ends its 43 years journey”. Thereby hangs a tale about the government’s media communication and policymaking.

Unit Trust of India was started by the Central government in 1964, offering an equity-linked savings scheme for the first time in India. My elder brother, who had retired as a college teacher, was able to pay for the marriage of his daughter after selling UTI-64 units in 1994. There were millions like him.

As it mopped up a lot of funds from people across the country, it also acquired sizeable equity stakes in both safe and unsafe firms. Being a government monopoly, UTI also gained considerable political clout and was never a free agent either in its purchases of stocks or in their disposal. An official probe report in 1999 showed that, of the 1,426 companies UTI invested in, only 81 showed an appreciation (of just Rs 429 crore till November 1998). The remaining 1,345 depreciated to nearly half. UTI was also used by the powers that were for buying and selling other assets, including real estate in a not so transparent manner that cost UTI dearly.

It was widely suspected that UTI had also attracted sizeable investments from corporate entities. It was common knowledge that they used UTI investment as a tax shelter and massively engaged in dividend stripping. As a populist scheme, UTI sometimes offered to unit holders additional units at highly discounted value and its tax-free dividends outperformed the

stock market by many times.

After the Harshad Mehta-engineered market scam in 1992, the bourses had turned gloomy and UTI, under pressure from powerful business lobbies, was not allowed to shed stocks in its portfolio due to fears of a further slide in the stock market that would have cast a shadow over the new economic liberalization policies. UTI began to bleed but continued its unsustainable record of paying investors high returns. This free lunch had to end some time.

In May 1998, a BJP-led NDA coalition had come to power. Even while the new government was grappling with an economic crisis that was widely affecting business confidence, the business newspapers began carrying several disquieting stories relating to UTI. It was reported that UTI reserves had turned negative and might not be able to meet the promised high returns. Corporate investors started exiting this sinking ship. The number of investors declined from a whopping 2 crore to about 40 lakh.

As the government’s media adviser, I had sent the relevant media analysis to the concerned quarters. The persistent media reports of a possible UTI failure to meet a possible investors’ run on it could no longer be ignored. Therefore, I met the then Finance Minister in order to prepare the government for responses to media queries on the subject. The then UTI chief also met the Finance Minister. After his meeting, I received a phone call from the Finance Minister’s office telling me that the UTI chief had been asked to meet me



Stock scams: angry investors

to discuss a media relations strategy.

During our meeting, the UTI chief informed me that he had asked his advertising agency to come up with a media (mainly newspapers) campaign plan. When I asked him what UTI would say to investors and how he proposed to salvage credibility with such an advertising campaign, his response was vague. He tended to blame the media for causing the panic.

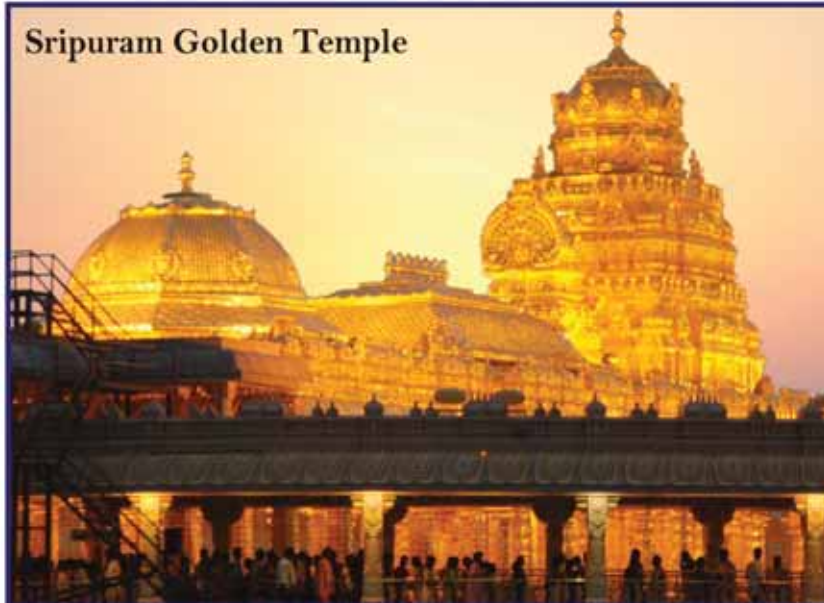
I requested the UTI chief not to begin any media advertising campaign until I gave the go-ahead. I again met the Finance Minister. I apprised him of my discussion with the UTI chief and also suggested that since a government bail-out was becoming inevitable and could attract political flak, it would be good for the government if a demand for not allowing UTI to collapse and let down the ordinary investors came from the Opposition. I suggested he speak to his two predecessors and persuade them to voice such views. I pointed out that, during the 1992 stock scam, Atal Behari Vajpayee had met the then Prime Minister and demanded that the government come up with measures to protect common investors. There thus appeared to be a bipartisan agreement.

The Finance Minister’s quiet diplomacy worked and statements on the expected lines came from his predecessors to the media. Thus, he worked out a temporary reprieve for UTI. And there was no UTI advertising misadventure. **g**

Governments use publicity as a substitute for policy and performance. Often, official media campaigns are launched without setting out clear, achievable objectives

History alive with a golden alignment... at Vellore!

Sripuram Golden Temple



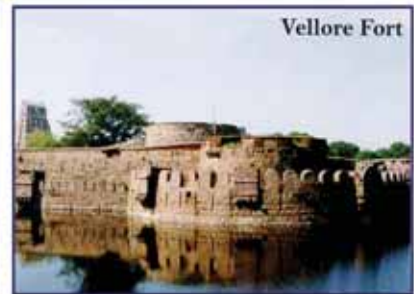
Rathinagiri Temple



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Vellore Fort



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Mediacra

Freedom of information is all very well, but what about simple human rights?

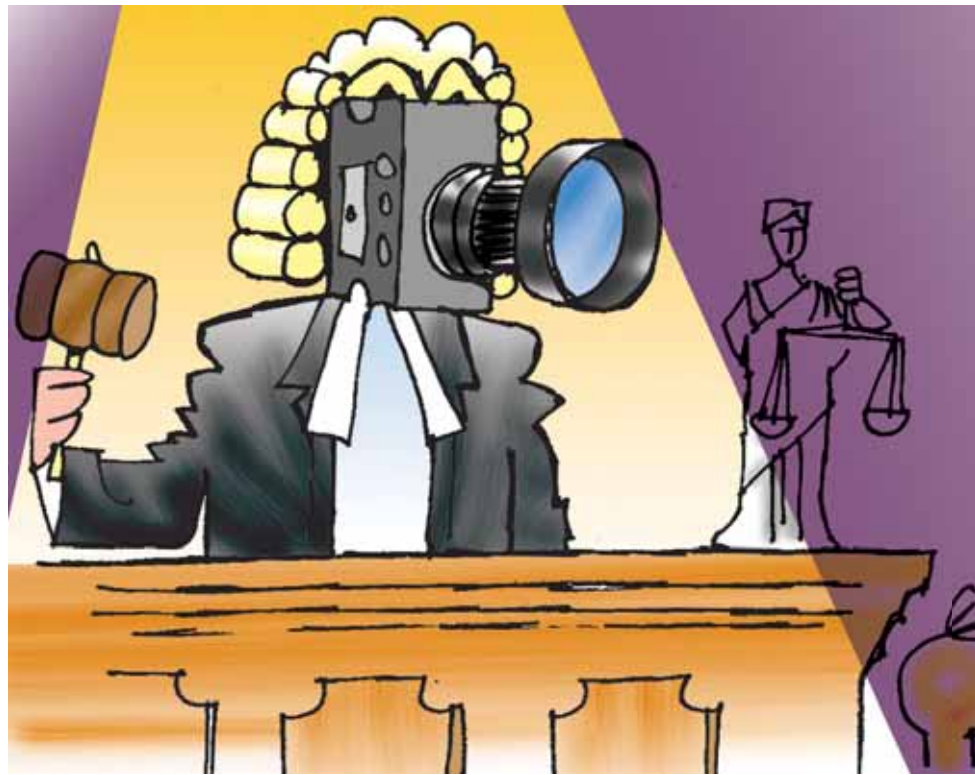
by NIRANJAN DESAI

ON a recent visit to Gujarat, I was intrigued and rather shocked to see the Ahmedabad edition of *The Times of India* carry, for three consecutive days, a report on its front page accusing the newly-appointed city Commissioner of Police, OP Mathur, of being an accomplice of a local mafia don and being instrumental in getting rid of that don's rival. The reports were repetitive and the two subsequent ones did not add much to the first one.

More troubling was another aspect. The source of this serious accusation against a high-ranking police officer of the state was some confession made by a minor gangster. One can only speculate on the credibility of such a source when one considers the fact that such confessions are more often than not extracted under torture.

It is not for this writer to provide answers to these questions but they raise fundamental issues about the role of media. The nature of the media's role has changed in recent years. The media's exponential growth and the fiercely competitive environment in which it functions have resulted in dilution of standards. Today, the bottom line is circulation figures and TRPs; truth, accuracy, social responsibility and accountability are expendable. We are witness to how media frenzy in the Aarushi murder case has by unsubstantiated innuendos cast aspersions on the Talwar family and their friends, the Durranis.

The media's tremendous reach, result-



ing from significant technological changes, has instilled in it a sense that it is not accountable to society while seeking to hold every other institution accountable. Is it not odd that the Editors' Guild and other civil society organizations all rushed to protest against the Gujarat government when the officer registered cases against *The Times of India*? While touting the doctrine of free-

dom of information for the media, these organizations had nothing to say about the human rights of the officer; on the contrary, by seemingly endorsing the newspaper's stand, they had failed to uphold the foremost dictum of a civil society – that a person is innocent unless proven guilty.

How can the officer defend himself against an influential media organization like *The Times of India* except by taking recourse to the law? If the newspaper is certain of its facts, it should allow the law to take its course and not try to influence any counteraction by mobilizing other organizations. If one cannot withstand heat, one should not venture into the kitchen in the

How can the officer defend himself against a media organization like The Times of India except by taking recourse to the law?

cy?

Disturbing Questions

The reportage on the front page of a widely read and circulated national daily immediately raises the following disturbing questions:



- 1 Was the Gujarat government, which must have made the appointment after due process and diligence, complicit in having deliberately overlooked the "dubious" past of the officer? This was an obvious imputation on the part of *The Times of India* since it thought fit to run the story on its front page for three days.
- 2 Was it right for *The Times of India* to stake its credibility in making such an accusation against a senior police officer on the basis of a single source, whose own credibility remains in some doubt in the sense that the source concerned is not an uninterested party? Recent events have shown that such reliance has catastrophic consequences. I am referring to the seemingly endless US quagmire in Iraq. The justification for the illegal invasion of Iraq was based on what was touted as a most crucial piece of evidence based on a dubious single source.
- 3 What is the officer concerned to do in the face of what would seem an unwarranted attack on his character, career and reputation? Civil service regulations preclude bureaucrats going to the media. Besides, governments at the Centre or the states most often do not consider it necessary to come to the rescue of their employees in such cases, leaving them to fend for themselves.
- 4 Does the media, in the guise of freedom of information, have the unrestricted right to destroy the reputation and career of a public servant in such a manner? What is the role of the government and the so-called civil society in such a situation?

ILLUSTRATION: ARUNA



Recent events have shown that media owners are not averse to playing politics, using the facade of freedom of information

first place to stir the pot.

This writer holds no brief for any organization or any individual in the present controversy but one cannot escape the feeling that somewhere in all this there is an element of the continuing campaign of demonization of the government of Gujarat and its bureaucracy, the latter because of its perceived closeness to Narendra Modi. Otherwise, why should the Congress jump into the fray and comment adversely on the government of Gujarat? In actual fact, the case has been registered by the officer concerned and not the Gujarat government.

Besides, recent events have shown that media owners are not averse to playing pol-

itics, using the charade of freedom of information. The way certain national dailies overtly pushed the case for the Indo-US nuclear deal is an example of the hidden agendas of media organizations. It will not be off the mark to say that the evil influence of Rupert Murdoch has pervaded our own media. The abrupt dismissal of renowned editor MJ Akbar from *The Asian Age* is one instance. It is widely accepted that this happened at the instance of the Congress, which demanded its pound of flesh when the majority stakeholder in *The Asian Age* sought a Rajya Sabha ticket.

Considering all this, there seems to be an element of overreach in the behaviour of the media. Unless it regulates itself and holds itself accountable like every other institution of the polity, it will one day face

a backlash with adverse consequences. Like some of their counterparts in the US, it is time our national dailies appointed their own independent ombudsmen to regulate themselves before the government starts thinking of doing so. Freedom without responsibility is licence and no self-respecting society can allow any institution to operate on that basis.

Finally, I cannot resist commenting on a *Times of India* story captioned "Tilak, editor of *Kesari*, was also tried for sedition" in its issue dated June 9, 2008. Like the famous putdown of US Vice-President Dan Quayle by Senator Lloyd Bentsen, I can only say to the editor of the paper, "Sir, please do not even remotely compare yourself to Lokmanya Tilak or the *Times of India* (knowing your antecedents) to *Kesari*." **g**

Raj rules gradually collapsing

Single window replaces archaic laws

July is festival time in Delhi. This year, the 10th edition of the annual Osian's-Cinefan Festival of Asian & Arab Cinema will take place from July 10 to 20 at Siri Fort and Alliance Francaise. It will showcase about 150 films, from more than 40 countries, and will have close to 150 guests from abroad and an equal number of film luminaries from India participating in various segments. In keeping with Osian's mission of popularization of all forms of art, there will be three exhibitions and an auction of art, rare and antique books and cinema memorabilia as part of the Festival.

ORGANIZING a film festival by a non-governmental organization was a complex procedure. Permissions had to be obtained in sequence from seven different departments of the Delhi and central government. Any delay at any point had a chain reaction and advance planning became imperative.

This year thanks to the initiative by the new Additional Commissioner of Police (Licensing), Sundari Nanda, the procedure has become a 'single window' clearance system. One now needs to apply to the Additional Commissioner of Police (Licensing) instead of chasing a myriad of departments. This is a considerable advance probably due to a belated realization that complex procedures were depriving the capital of regular performing events as compared to cities like Mumbai. Delhi Police must be congratulated for this!

However, the question one may ask is why the licensing of a film festival or any other entertainment should come under the police. During the Raj, this was entrusted to the police because of colonial compulsions; the natives could not be allowed to view 'subversive' material and should not be allowed to create a law and order problem. The same is true about permission to start a newspaper or a magazine. The initial application has to be routed through the police licensing authority to the Registrar of Newspapers.

The staff of the licensing authorities, drawn mainly from the police, is not equipped to handle the subjects they are expected to regulate. Two years back, Osian's Festival wanted to screen an old silent classic *The Light of Asia*, a film about Lord Buddha, as part of the commemoration of 2500 years of Buddha's birth. The print of the film was obtained from the Government of India's National Film Archives, yet the Licensing Authority would not allow it to be shown because it did not have a Censorship Certificate. All Indian films to be shown at the Festival must have a certificate from the Film Censor Board of India. All entreaties that the film was about Lord Buddha and that it belonged to the Government of India notwithstanding, the film was not cleared for exhibition until a letter was produced from the Ministry of Information & Broadcasting!

Since entertainment is going to be one of the mega industries in future, the government will have to give more thought and consideration to how to put in place what one would call user-friendly procedures which would cut down red tape and make for speedy decision-making. **g**

—Niranjan Desai



Scenes from *Flight of the Red Balloon* (above); *Blood Brothers* (centre); *Lady Chatterley's Lover* (below)



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by MAJ GEN MRINAL SUMAN

THE present government will be remembered primarily for numerous failed policy initiatives with the nuclear issue heading the list. Despite repeated assertions of its progressive pretensions, it considers it prudent to sacrifice all innovative proposals at the altar of political expediency and an overpowering urge to remain in power. The proposal to grant Raksha Utpadan Ratna (RUR) status to select private sector companies is the latest addition to this casualty list.

Consequent to the recommendations of several Task Forces, the government announced a major policy change and opened defence production to the private sector in January 2002. It also allowed 26 per cent direct foreign investment. The private sector was euphoric and anticipated huge business opportunities. However, its hopes were soon belied; it realized that the public sector continued to get preferential treatment and the private sector had to remain content with supply of some sub-assemblies and components. Moreover, as stipulations governing foreign investments were highly skewed, there was no inflow of foreign funds. In short, there was no change in the ground situation.

Repeated representations to MoD resulted in the constitution of the Kelkar Committee. It was tasked, inter alia, to examine and recommend modalities of integration of the user (services), the Defence Ministry and Indian industry (both private and public) in the defence acquisition process. The Committee commenced work in July 2004 and submitted its report in two parts in April 2005 and November 2005, respectively. A number of presentations were made by private sector entities. They wanted to be treated on a par with the public sector as regards receipt of imported technology, fulfilment of offset obligations and joint development with the Defence Research and Development Organization (DRDO).

The suggestions were accepted by the MoD. Department of Defence Production issued detailed guidelines in May 2006 spelling out eligibility criteria and laying down the selection procedure. It was mandated that a company aspiring for RUR status has to be a public limited Indian company registered for a minimum of 10 years

The RUR go-slow

The PSUs are trying to scuttle the move to let the private sector into defence production

with capital assets in India not less than Rs 100 crore and turnover not less than Rs 1000 crore for each of the past three years. Additionally, the company should have a consistent profitable financial record showing profits in at least three years of the last five years and with no accumulated losses. Foreign holding was pegged at a maximum of 26 per cent. The company should have an established track record in engineering (including software) and manufacturing for real value addition. Most important, the company should either possess a licence/LOI for production of defence items or obtain it within six months of application for RUR status.

The first Selection Committee was constituted in May 2006 under Prabir Sengupta. It was asked to make recommendations in respect of each applicant company, to be placed before the Defence Acquisition Council for acceptance. Names of the companies recognised as RUR entities were to be declared by March 31, 2007. The private sector was ecstatic and responded enthusiastically. Fortyone companies applied. The Committee invited around 15 to make detailed presentations.

Twelve were shortlisted and recommendations forwarded to MoD in June 2007. The list reportedly included reputed players like L&T, Tata Group companies, Kirloskars, Ashok Leyland, Godrej and Boyce, and Mahindra & Mahindra. However, there has been no official announcement so far. The Minister of State for Defence Production

Fresh recommendations

In 1998, the Ministry of Defence (MoD) took the first major step to involve the private sector in defence production. Six Joint Task Forces were constituted with the Confederation of Indian Industry (CII) to cover the following aspects:

- 1 Defence-Industry Long Term Partnership
- 2 Defence-Industry Partnership on Commercial Process
- 3 PSUs/OFB/Private Sector Complementarity
- 4 DRDO-Industry Partnership
- 5 Defence Export Strategy
- 6 Defence-IT Industry Partnership

Names of the companies recognized as RUR entities were shortlisted and forwarded to MoD in June 2007. However, there has been no official announcement so far



Co-production: a pipe dream?



What Kelkar suggested

The Kelkar Committee concluded that the private sector has to be an equal participant if India is to achieve self-reliance. Instead of issuing a *carte blanche*, it suggested a discerning and judicious approach: select private sector industry leaders be bestowed RUR status and treated on a par with the public sector for acquisition purposes, to include the following:

- ▶ Design and development of high-technology complex systems under the new 'Make' procedure.
- ▶ Bidding for defence contracts, production of platforms and integration of large weapon systems.
- ▶ Receipt of contracted foreign technology and indigenous production thereafter.
- ▶ Discharge of offset obligations.
- ▶ Receipt of funds for developmental projects.

Rao Inderjit Singh admitted in February 2008 that the Committee report was under examination.

Opposition from the public sector was intense, and strident. For public consumption, imperilment of national security is being touted as the stated rationale for the opposition; the real reason is a creeping sense of insecurity. Opposition has been orchestrated by the public sector undertakings through the trade unions affiliated to the Left parties, as they perceive RUR as a threat to their existing monopoly and domination. Aware of their own weaknesses, they are wary of competing against RUR

companies. They are conscious of the private sector's efficiency vis-à-vis their own functioning. It is a question of survival. More important, the public sector enterprises are exploiting their clout with the Department of Defence Production to scuttle the proposal.

This has left the private sector wondering whether the government is genuinely interested in its participation in defence production. Many companies have invested considerable funds and signed multiple agreements with foreign firms. Their sense of exasperation was visible during the last Defexpo in Delhi and their enthusiasm appeared to be on the wane. "We have obtained licences for the manufacture of a large variety of defence systems, signed a number of MoUs with foreign companies and invested considerable resources over the last five years, but we are yet to get an order. I wonder how long we can continue like this," commented a senior executive of a highly active private sector company. "Every time we are close to getting an order, it gets passed on to the public sector on some specious grounds," he added. It is time the government displays its resolve and implements its stated intentions. **g**

Opposition has been orchestrated by the PSUs through trade unions affiliated to Left parties, as they perceive RUR as a threat to their existing monopoly and domination

by PRAKASH SINGH

I have begun to wonder if corruption is an issue in this country at all. Everyone cries themselves hoarse about it, but nobody takes effective action.

About three years ago, I spoke to a Union Minister about rampant corruption in the country, particularly in the all-India Services. I said there were IAS officers whose assets were to the tune of a hundred crore rupees and there were IPS officers who had accumulated about 10 crore rupees' worth of assets (not because they were less dishonest but because they did not have as many opportunities as their counterparts in the IAS to make money). The Minister was quite alarmed. He asked me to send a list of these officers and promised to take action.

I prepared the list very carefully (after consulting some other officers too) and sent it to the Minister. I looked forward to an explosion. I waited and continued to wait. Nothing happened. Finally, I picked up the courage to remind the Secretary to the Minister. I got a cryptic reply that the Minister had seen my letter. That was all. I was thoroughly disappointed.

A few months later, I happened to meet the then Central Vigilance Commissioner (CVC) at a function. I mentioned to him quietly my disappointment that the government had not initiated any action against the corrupt officers. The CVC, with an authoritative air, asked me to send the list to him. I was relieved. I thought I had found the man who would definitely do something. But what followed was deathly silence. No one asked me for

100% TOLERANCE for CORRUPTION!

The authorities show no will to clamp down on the guilty

any clarification or any supplementary information by way of evidence. The matter was given a quiet burial.

About six months ago, the India Rejuvenation Initiative embarked on an exercise to prepare a state-wise list of the most corrupt IAS/IPS officers. The UP list was the first to

be prepared. It was sent to the state government. The IRI promised to provide any further information required.

But there has been no response. The state government has not shown any inclination to take action against the tainted officers.

Yet another unfortunate experience was with the judiciary. In August 2005, I picked up the courage to address the Chief Justice of a state High Court about the corrupt judges under him. A brief resume was prepared about their questionable activities and sent to him, with a copy to the Chief Justice of India. The letter was sent with a feeling of trepidation that I might be hauled up for contempt of court for tarnishing the image of certain judges. Strangely, there was no response. Neither any contempt notice nor any follow-up action. I may clarify that all the aforesaid letters were sent on my letter pad and were signed by me.

So, what is one to infer from all this? The people in power, irrespective of what they might say in public, have no commitment to combating corruption. There is a policy of 100 per cent tolerance in this matter.

It is my conclusion that if there is one common thread running through the major problems of the country – whether of Jammu and Kashmir, the Northeast or the Naxal problem – it is the issue of corruption. Where will this lead the country? I suspect it will prove the Achilles' heel of our otherwise vibrant democracy and booming economy. **g**

(The writer is a former police chief of UP and DG, BSF.)

ILLUSTRATION: ARUNA



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An Open Letter to the Prime Minister

Dear Prime Minister,

June 26, 2008

I am one of your admirers and well-wishers, more so as a student of economics. I was among the first to advocate that a person like you should be the Chief Executive of this country so as to take it out of the economic morass. That was well before you became Prime Minister.

Now to the point. The other day, in Chandigarh, you are reported to have confided to a Congress functionary the possibility of a “financial emergency” if inflation and the oil crisis facing the economy deteriorates. A Congress Prime Minister talking about an “emergency”, even in a lighter vein, evokes torrid memories of this day thirty-three years ago when an “internal emergency” was imposed on India, extinguishing freedom and democracy.

Even in the midst of such grave economic crisis, you have triggered serious political turmoil and instability over the Indo-US nuclear deal. There can be only two reasons for this desperate step by a sober person like you. You are either acting under extreme duress or the deal is in national interest by providing “energy security”, as claimed by you.

But neither the numbers nor the views of the scientific community bear out the latter. First the numbers. As of date, nuclear power constitutes only about 3 per cent of India’s installed capacity of 1,40,000 MW. As per Planning Commission estimates, to deliver a sustained growth rate of 8 per cent through 2031-32 India would need a power generation capacity of nearly 800,000 MW. Even if fully implemented, the Indo-US nuclear deal could only create a capacity of about 30,000 MW by that time. Even a higher estimate of 40,000 MW will constitute only 5 per cent of the installed capacity, costing Indian coffers a staggering \$100 billion. Can this be called “energy security” by any stretch of imagination!

Now the scientists. According to them, the basic argument of “energy security” is a “myth” and the additional power generated through imported nuclear reactors would be more expensive. Further, “a combination of extreme secrecy, media hype, parochial interests of organizations and ignorance of the issues among the general public have put the country on a dangerous path”. Coming from three of the most eminent independent nuclear experts in the country – A Gopalakrishnan, PK Iyengar and AN Prasad – in a joint note, it cannot be more damning! Where, then, is the national interest?

A few words about the “oil crisis”. When the US invaded Iraq in 2003, the price per barrel of crude oil was \$25. It has now soared 560 per cent to \$140. Normal laws of demand and supply would never cause such a surge in five years. The top three oil-producing countries – Saudi Arabia, Iran and Russia – have openly stated that there are no supply shortages. While oil prices are skyrocketing due to manipulation, speculation and profiteering, developing countries are being pushed into the “nuclear power trap” in the name of “unprecedented oil crisis”. Has India fallen into this trap?

What then is the alternative, you may ask. The Planning Commission has the answer: “Over the next 25 years, Energy Efficiency and Conservation are the most important virtual energy supply sources that India possesses.” (Expert Committee on Power-2006.) This is based on the finding of a study that key sectors like agriculture, industry, transport and domestic-cum-commercial have the energy saving potential of 30 per cent, 25 per cent, 20 per cent and 20 per cent, respectively, with the average energy-saving potential of the economy at 24 per cent.

In physical terms, this works out to 33,500 MW, which is more than the nuclear power capacity sought to be achieved by 2030! Yet, not even a fraction of this potential has been achieved, nay, even attempted. If we consider the estimated capacity of 800,000 MW by 2031-32, the “generation through saving” potential even at 10 per cent would be 80,000 MW.

Now to the international initiative. UN Foundation, Washington DC, working on ways to combat global warming and climate change, has put together a compelling document titled

r on the alternative to the nuclear deal

“Realizing the Potential of Energy Efficiency”. Salient recommendations are:

Of the two approaches – supply more energy or improve energy efficiencies – only efficiencies can generate near-immediate results with existing technology and proven policies and do so while generating strong financial returns that exceed those from investments in conventional energy supply.

G8 countries should commit to a collective goal of doubling the global historic annual rate of EE improvement to 2.5 per cent per year from approximately 2012 through 2030.

G8 countries should reach out to the +5 countries (Brazil, China, India, Mexico, and South Africa), which have greater potential for Energy Efficiency improvement and sustainable development.

Energy Efficiency has a cascading effect and can contribute to “avoided capacity” much more than the identified potential of 24 per cent. According to specialists, the achievable “avoided capacity” in the Eleventh Plan itself, if we factor supply-side efficiencies like improved Power Load Factor also, could be over 32,000 MW, which is more than the planned nuclear capacity in 20 years!

THIS is not kite-flying. It is very much possible and feasible if the country reduces the energy intensity of the economy substantially through demand-side and efficiency initiatives and strict monitoring of energy consumption and intensity of all sectors of the economy. Energy intensity of India’s economy is among the highest in the world and there is substantial scope for reducing this through a holistic efficiency/conservation-centered approach. Numbers given above support this.

Huge “avoided capacity through energy efficiency” is very much feasible if India joins with G8 countries and participates in the endeavour of “Realizing the Potential of Energy Efficiency” and does this with seriousness and sincerity. By working effectively with the +5 nations, G8 countries can resolve the energy crisis in economies that together consume over 70 per cent of global energy. India, being an emerging knowledge power, can play an active role in this great initiative. This is the proper course for an Indian agenda for energy security and combating global warming.

Following yesterday’s logjam in the UPA-Left meet you are reportedly in *satyagraha* mode to convey your reluctance to go to the forthcoming G8 summit and face President Bush, to whom you have given some commitment without taking the people of India and Parliament into confidence.

As one who can claim to be your acquaintance, I would say you need not be weary on this count. You can go to the summit with a real G8+5 “Energy Efficiency” agenda and take a leadership role instead of being surrogate in a controversial single-country deal. This could raise India’s “image” to new heights!

The alternative is evident and is on the table. It is futile to persist with the media hype, massive disinformation campaign and nail-biting brinkmanship in pursuit of a deal that has already run out of steam except for die-hard lobbyists!

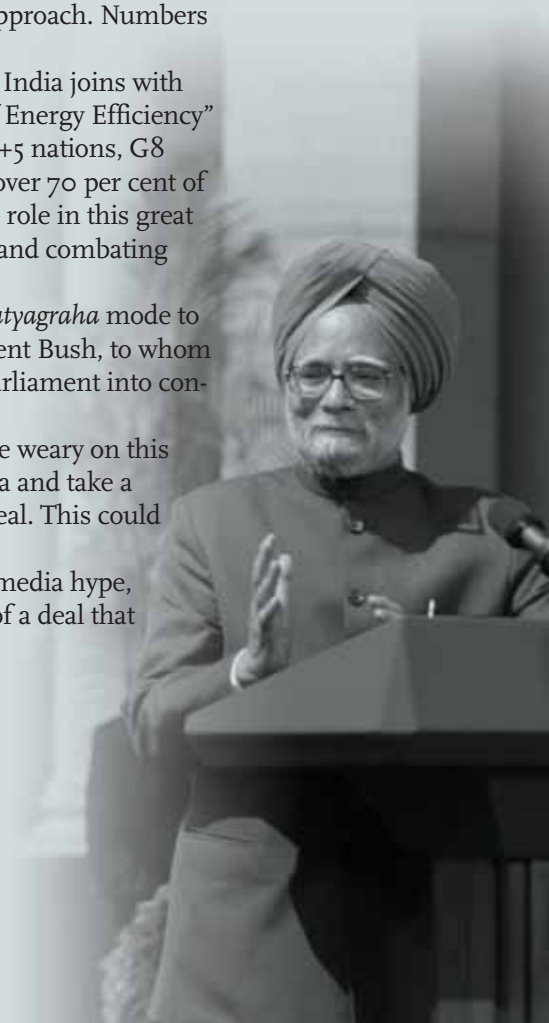
The people of India deserve better!

With warm and abiding regards,

Yours sincerely,

MG Devasahayam
mgd@airtelmail.in

(MG Devasahayam is a former IAS officer. The views expressed are his own.)





RAM TERA PR

The state has become a text-book exa

GOVERNANCE in Uttar Pradesh has been marked by political instability and an even deeper bureaucratic instability. Since Independence, UP has had 42 Chief Secretaries out of which only three stayed on for more than three years and just five stayed on for more than two years. The state has had 38 Chief Ministers in addition to three spells of President's Rule. With growing political instability leading to coalition governments, the Chief Minister has to make compromises on both policy and administrative issues. This has led to a tendency to maximize short-term gains rather than addressing longer-term issues concerning economic development. It has led to short tenures of District Officers and Secretaries and has also encouraged a tendency among officers to be close to the powers that be rather than being independent in taking decisions. This has played havoc with all public organizations in the state.

With every change of Chief Minister a massive shift in officers takes place. Although the data is incomplete, from 1992 to 1998 each Chief Minister has transferred an average of 420 officers per year, out of a total cadre of nearly 500 officers. A recent World Bank study points out that the average tenure is now less than a year.

The feeling has been growing among the political masters that, under the Constitution, it is they who head the administration and have absolute power and control over the administrative set-up. The administrative ethos of the political administration has therefore changed. Further, ministers are now not necessarily appointed because of their abilities but because of the political fractions they control. Transfers are thus one of the tools that politicians use to make the officers and staff "responsive" to them.

The governance of any state can be

judged by:

- ▶ The actual output in terms of economic and social parameters. (See *Outputs box*.)
- ▶ The public perception of governance which includes the ease with which the ordinary citizen can sort out his problems with the government.

Decentralization

Decentralization in planning and programmes is necessary to ensure planned regional development, and participation and empowerment of the poor. However, despite clear Constitutional directions through the 73rd and 74th Amendments, effective decentralization has not been pursued in UP. No effective transfer of functions, functionaries and finances to local self-government and no capacity building in institutions like *gram sabhas* has taken place.

UP has only transferred 12 subjects to local government as against 29 in Rajasthan, Tamil Nadu and Haryana. UP has not even constituted District Planning Committees while 20 states have done so.

Open Government

Open government is a key element in judging performance. With the enforcement of the Right to Information Act, all government files and decisions have come under public scrutiny. UP has

also set up its Information Commission and has also appointed a number of Information Commissioners. However, the Chief Information Commissioner of UP has been openly complaining about the apathy of the government in providing it the required infrastructure. The number of appeals filed against government decisions has also risen tremendously.

Coming to the second factor, i.e. public perception, without doubt there is a negative public perception about governance in UP. It is jokingly called *Ulta Pradesh* while the information department of the government would like it to be called *Uttam Pradesh*. The media highlights the Ministers' follies and reports on worsening law and order.

It is jokingly called Ulta Pradesh while the information department of the government would like it to be called Uttam Pradesh





ADESH MAILA

x ample of how not to run a government

Financial

The Twelfth Finance Commission accepted that, while UP will have its own revenue receipts of Rs 1,29,099 crore, expenditure would be Rs 2,31,596 crore. UP's debt as of March 31, 2004 was the highest in the country – Rs 99,416 crore. This went up at the end of 2005 to Rs 1,07,922 crore.

In the Budget for 2008-2009, a revenue surplus of Rs10977.68 crore has been shown which is higher than the actuals of 2007-2008 by almost Rs 4831.66 crore. However, the gross fiscal deficit is Rs 11,698.91 crore. This is 2.98 per cent of the GDP of the state.

Fiscal Issues

In addition to acute poverty, UP's fiscal problems are also acute, resulting in

unsustainable borrowing and cutting of necessary development expenditure. The state is caught in a vicious circle of low investment-low growth-low revenues leading to further de-acceleration of development.

Although there has been some improvement in the past few years due to better tax recovery and freezing of new staff recruitment, the trend of recovery can be sustained only through further stringent measures.

Some implications of the huge fiscal and revenue deficit are discussed below:

Falling Plan Expenditure

Plan expenditure has been falling rapidly since the V Plan (1974-79) as compared to similar expenditure in other states. This is despite the fact that devolution from the Government of India both via the Finance Commission and the Planning Commission favours the poorer states.

A wide gap between planned amount and what is actually made available leads to uncertainty in budget releases and corruption.

The state has a very low share of Plan expenditure in total expenditure. This is only 18 per cent (the all-state share is 25 per cent). Debt servicing (including interest and principal payment) accounts for 31 per cent (the all-state figure is 25 per cent of total expenditure). Debt servicing is crowding out Plan

expenditure.

Falling Social Sector Expenditure

Changes in expenditure on education and health as a proportion of total expenditure in the state can be seen from the table (below left). It shows that the expenditure on social sectors as a proportion of total expenditure has been falling, and is much less than the all-India average. Despite improvement in 2004-05 and 2005-06, long-term trends will be known only when such an increase is sustained in the coming years too.

Corruption

There is no official data on the degree of corruption in the state. However, a survey was conducted in 2000 at the instance of the World Bank which highlighted the intense corruption in the lower judiciary, the revenue department, sales tax department and local bodies. Demand for speed money is common. In successive surveys of the business community by *Business Today*, the perception of administrative corruption and malfeasance was cited as a major deterrent against investment in the state.

In 1999, *Business Today* ranked UP the second-worst state to invest in due to political stability and poor governance. A survey of the public revealed that nearly 57 per cent of the population had to pay bribes to receive public services.

A private survey was carried out in 2005 by the Centre for Media Studies. In the composite ranging of states on petty corruption involving the common citizen and in the context of 11 public services, the composite index of UP was 491 and it ranked 10th in the country. Electricity, schools and income tax figures high in the corruption ranging in UP.

The UP government took immediate note of this and put together a strategy aimed at restoring the efficiency and integrity of the civil services. It developed a viable anti-corruption strategy



PHOTO: INDIA

Expenditure on education and health as a proportion of total expenditure

Year	Education		Health	
	UP	India	UP	India
2000-01	16.8	17.4	4.0	4.7
2001-02	16.0	16.1	3.6	4.4
2002-03	14.6	15.0	3.8	4.1
2003-04	9.2	12.6	3.1	3.6
2004-05	12.5	13.4	4.5	3.8

GOVERNANCE

challenges in up |

and strengthened accountability institutions like the Lok Ayukt and the vigilance establishment. It developed citizen's charters to improve service delivery. However, the results were again mixed. The backlog of vigilance and Lok Ayukt reports was cleared and the number of investigations increased. But, after the political transition a few months later, the emphasis was reduced.

Law and Order

The National Crime Records Bureau shows the incidence of Total Cognizable crimes under the IPC in UP came down from 1,73,643 cases in 1999 to 95,073 in 2003 and then went up to 1,30,181 in 2004. However, the rate of crime per lakh population was 73.2 which was lowest, next only to Nagaland and Meghalaya. In 2006 the corresponding figures were 1,27,000 IPC cases and the rate of crime per lakh population was 68.6.

Against a population of 166 million, UP has a police force of 1,26,249 which is almost one-eighth of the country's police force. But the budget for the force is very low. When people go to the *thanas* for registration and investigation, they often have to pay for petrol and stationery, which is always in short supply and is usually made up from local shops and businessmen. UP spends around Rs 2,500 crore on its police force but only 33 per cent of the officers and others are provided housing.

Large-scale burglary and corruption has been reported from time to time in the recruitment of police personnel. Even DIGs have been suspended for such actions.

A positive point has been the lowering of communal incidents. The conviction rate of IPC cases is almost 56.8 per cent, which is higher than the national average. Strong action has also been taken against dacoits.

Challenges to Governance

The UP government faces the challenges of maintaining quality of governance, increasing accountability and reducing instances of administrative misconduct leading to corruption. However, any strategy to improve the quality of governance will need to have three components. First, a re-definition of the role of government, specifically a reduction of its role in the economy through deregulation and disinvestment so that it is able to focus its limited capacity in those areas in which it has comparative advan-



Narain Dutt Tiwari's emphasis was on development, Kalyan Singh's was on IT, law and order, and 'value for money', and Mulayam Singh Yadav's was on industrialization and power

OUTPUTS — READY RECKONER

As far as net domestic product is concerned, UP is the second highest in the country with a net domestic product of Rs 2,41,196 crore. The highest is Maharashtra with Rs 3,86,241 crore.

In per capita income, though UP ranked very low in 2005-06 with Rs 13,262 (almost half the average per capita income of the country), the rate of increase of per capita income for the year 2006-07 was 11.3 per cent which was very near the national average increase of 12.1 per cent.

UP has 32.8 per cent people below the poverty line, which is much higher than the national average of 27.5 per cent.

Education

In the gross enrolment ratio in school, UP's figure of 107.54 is very close to the national average of 107.80 in Classes 1-5 but in Classes 6-8, it is less than the national average. UP has the highest number of institutional institutions in general education but only 207 recognized professional education institutions. It has 115 research institutions — the sixth largest number of research institutions in the country. As far as the numbers of Universities/Deemed Universities are concerned, Uttar Pradesh has 33 and is third after Maharashtra and Tamil Nadu.

The 2001 census shows UP having a literacy rate of 56.27 per cent, which is lower than the national average of 64.84 per cent.

Health

UP has a very high infant mortality rate of 71, which is much higher than the national average of 57. But, regarding access to potable water in households, it has 87.8 per cent such households, which is higher than the national average of 77.9 per cent. UP has a life expectancy rate of 59.8 years

against the national average of 63.2 years. The percentage of women giving birth in hospitals and medical institutions is 22 per cent against the national average of 40.7 per cent. Over 40 per cent of children receive no vaccination.

The percentage of people having electricity is 42.8 per cent against the national average of 67.9 per cent.

Foodgrains Production

The Economic Survey 2007-08 shows that in 2005-06, while UP stood third in the country with a production of 11.13 million tonnes of rice as against West Bengal's 14.15 million tonnes, in wheat it topped with 24.07 million tonnes with Punjab coming a faraway second with 14.49 million tonnes. Regarding total food grains, UP produced the maximum amount of 40.41 million tonnes while Punjab was second with 25.18 million tonnes. UP topped in sugarcane production with 123.47 million tonnes against Maharashtra's 38.85 million tonnes. UP topped in production of potatoes also.

National Rural Employment Guarantee Act

In NREGA, UP's performance is average or below average in benchmarks like issue of job cards and timely payment of wages (as per the Citizens' Report on Governance and Development 2007). However, the employment provided under NREGA was 95 per cent of the demand.

The percentage of indebted farmers in UP is 40.3 per cent, which is much lower than the national average of 48.6 per cent. There are no noticeable farmer suicides as compared to advanced states like Andhra Pradesh, Karnataka, Maharashtra, Punjab and Kerala.



tages. Second, a programme of civil service renewal is required so that the government can better perform its core functions. Third, service quality and accountability can be improved by well-planned devaluation of spending responsibilities and revenue-raising powers to elected local bodies.

In civil service reform, the government faces three critical challenges. It must enhance productivity of the civil services



Wretched of the earth: UP's blight

and ensure that every employee is performing socially relevant tasks. Second, it must create procedures for awarding merit and for punishing malfeasance and misconduct. Third, the cutting-edge level should be adequately trained and professionalized.

Information technology should be used as a major tool to make government totally accessible to the citizen. All documents and forms should be available online. All government departments should be accessible through a government portal and a grievances button should be displayed prominently.

The Way Ahead

UP's governance has been affected by caste-based politics which has now entered the administrative sphere. In postings, this factor plays a major role. However, it exists in Tamil Nadu, Karnataka and Andhra Pradesh also. In the initial post-Independence era, it used to be a tussle between Brahmins and Vaishyas or the Kayasthas and Thakurs. Now, it is between Scheduled Castes and their political grouping at one end, and the OBCs and their political groupings at the other.

We also see a unique political phenomenon these days. If a particular scheme is sanctioned by one political party in power, it is completely nullified and demolished by the next political party in power.

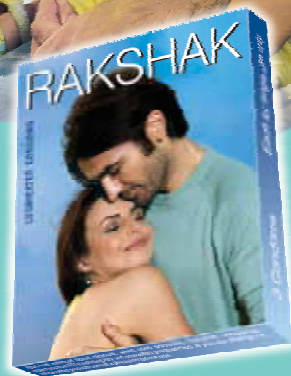
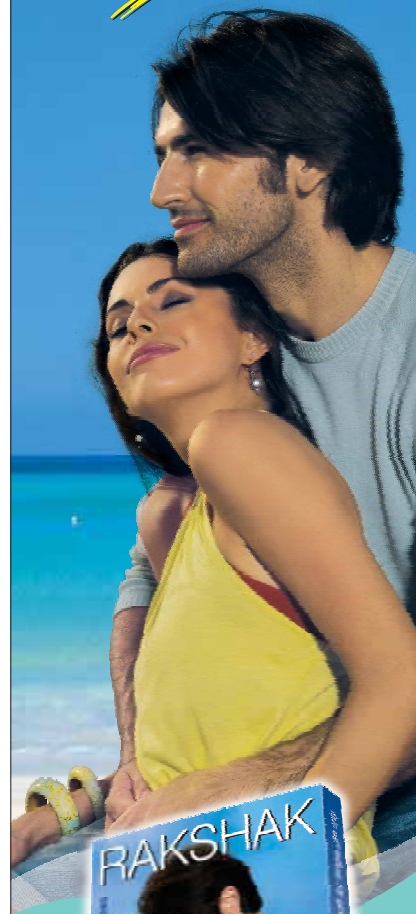
However, it must be said to the credit of all governments that have come to power in UP that, in development work, all political parties and all governments have contributed. In fact, in the Twenty Point Programme, one Chief Minister wanted to know which of his predecessors had done the best. Central statistics say UP stood first in 13-16 programmes in the country during the terms of three Chief Ministers but different programmes were emphasized in each tenure. Narain Dutt Tiwari's emphasis was on development, Kalyan Singh's was on IT, law and order, and "value for money", and Mulayam Singh Yadav's was on industrialization and power.

Mayawati's emphasis is on infrastructure, highways connecting undeveloped east UP with Delhi, and sound financial policies like enforcing VAT. What has weakened the Chief Ministers often is the activities of those with whom they are closely associated.

The present government has come in with a strong majority and if UP develops now the credit will go solely to the present political party in power. However, if it fails in improving law and order, or in development, it will have to take the full responsibility of maladministration. This opportunity has come after a long time. The civil services will also have to play their role. With the Right to Information Act and a proactive judiciary, officers must resist taking wrong decisions at the behest of local partymen who assume they are the representatives of the powers that be. Whistle-blowing must be encouraged and citizens and NGOs should be motivated to file PILs in those cases where administration is being pressured to indulge in unlawful acts. And civil servants must themselves take the initiative not to do wrong under peer pressure. The IAS association should continue voting on the most corrupt officers and put suspect officers on a watch list. **g**

(The writer is former Secretary-General, Rajya Sabha and founder Chairman of NHA)

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THE PM's JEEVES FOR ALL SEASONS

The suave, brilliant technocrat has taken to pathan suits as protective camouflage, what?

by RENU MITTAL

CHRISTENED Mantek at birth, he later moved to the more anglicized Montek with pin-striped suits and matching ties and turban. But now the suave and urbane Montek is attempting an image makeover and can be occasionally seen in white salwar-kurta as he comes to terms with the world of realpolitik, where he moves around freely as a member of the Prime Minister's charmed inner circle.

Billed as the eyes and ears of Dr Manmohan Singh, Deputy Chairman of the Planning Commission Montek Singh Ahluwalia enjoys huge powers in the current government and comes closest to being an extra-Constitutional authority for the UPA.

Seen as the most powerful Deputy Chairman of the Planning Commission in the last 60 years, he has been the only non-IAS Secretary in the Government of India. He has been Secretary, Commerce and Secretary, Economic Affairs and then Secretary, Finance. It's been an enviable journey to the top, from St Stephen's to Oxford, Cambridge, top positions in the World Bank and the International Monetary Fund, with one foot in the government in successive regimes — those of Rajiv Gandhi, VP Singh, PV Narasimha Rao and Dr Manmohan Singh.

Contrary to popular perception, Montek's journey to the corridors of power did not begin with his friendship with Dr Manmohan Singh. That came much later. He began his rise when he joined Rajiv



Montek with PM: alter ego? (Right) Isher: behind every man...

Gandhi's PMO as economic adviser and, much before Dr Manmohan Singh's economic liberalization became public, he prepared an 80-page document on economic reforms for Rajiv Gandhi which began the shift from a socialist to a liberal economy.

Today, along with the PM and Finance Minister P Chidambaram, he is seen as a member of the trinity which is pushing reforms in all major sectors as he dabbles in areas which are out of his jurisdiction but have since become part of his brief. The only brief he has not been able to conquer is Chidambaram's. The latter continues to remain at odds with him, possibly because he has had an eye on PC's job for the last four years.

Enjoying the unqualified trust and confidence of the Prime Minister (who is one of the very few people who attends the *akhand path* at his residence), Montek has his finger in almost every government pie. He operates through committees. A committee is set up, he heads it, then it comes out with a report, the report is sent to various Ministers, Ministries and officials and the concerned departments are expected to send back compliance reports. And the Prime Minister's endorsement of the commit-

Along with the PM and Finance Minister P Chidambaram, he is seen as a member of the trinity which is pushing reforms in all major sectors as he dabbles in areas out of his jurisdiction but now part of his brief



tees is seen as full backing for one of the most powerful men in the government.

So whether it's Montek being one of the Prime Minister's key interlocutors with the US over the nuclear deal (he headed a committee on energy), or airport development, creation of infrastructure, compensation for tribals in Jharkhand over mining areas, higher education and the need for private-public funding, monitoring of money to states, garbage disposal and the need for private-public partnership, he has dabbled on a vast canvas crisscrossing the thin line between power, politics and position.

While a number of Ministers have been bending backwards to accommodate Montek and implement his suggestions for their Ministries due to his closeness to the Prime Minister, one of the few exceptions is Civil Aviation Minister Praful Patel who has taken him head on for interfering in his Ministry.

The spat became public after Montek summoned GMR officials to the Planning Commission for a dressing down on the perceived chaos at Delhi airport after he went to see a friend off. Patel retaliated by saying that the Deputy Chairman had no authority to call the officials and that he should stick to his own turf.



A great influence and driving force in his life is wife Isher Judge Ahluwalia — an economist in her own right. Friends of the couple say it is Isher who is very ambitious and very domineering

In the first year of the UPA government, Montek tried to interfere in the Finance Ministry but Chidambaram, who is no pushover, refused to yield ground. On the contrary, he complained to the Prime Minister and that settled matters. He continues to be one of the few Ministers who does not dance attendance on the Deputy Chairman of the Planning Commission. The last four years were interspersed with rumours that the Prime Minister wanted to make Montek the Finance Minister but the reality of coalition politics, Left pressures and 10 Janpath did not allow this.

That does not mean that the technocrat and economist, known to be brilliant, professional, articulate, pragmatic and innovative, does not have his own networking and standing outside of 7 Race Course Road.

He continues to be a member of the Rajiv Gandhi Foundation, whose members are personally handpicked by Sonia Gandhi and counts among his close friends Suman Dubey from the Rajiv Gandhi days. Among others he is close to, meets regularly and calls home for parties are Sheila Dixit, Kamal Nath, Mani Shanker Aiyer, Digvijay Singh (under whom his son was an apprentice while studying law at Princeton University) and Major Dalbir Singh.

ON the corporate and social circuit, there is Sunil Mittal, the Ranbaxy brothers Shivender and Malvinder, Sunita Kohli, Dr Naresh Trehan, Shobhana Bhartia and Jyotiraditya Scindia.

Nearer home, a great influence and driving force in his life is wife Isher Judge Ahluwalia—an economist in her own right. Friends of the couple say it is Isher who is very ambitious, very domineering, and the real mover and shaker. She likes to be seen with the Prime Minister and his wife, Gurcharan Kaur, and has begun to take a great deal of interest in Punjab politics.

Because of her proximity to Captain Amrinder Singh when he was Punjab Chief Minister, Isher was made a member of the Punjab Planning Commission, had a car with a red light, and access to the state plane whenever she desired.

Internationally, the message has gone that the way to the Indian Prime Minister's heart is through Montek. So, every week a number of corporates as well as half-a-dozen heads of multinationals can be seen visiting him at his Planning Commission office.

For the moment, the Ahluwalias are living a charmed life. But with the UPA term drawing to a close, the Prime Minister is looking at accommodating Montek possibly as the RBI Governor but for this the Cabinet would have to upgrade the post to Cabinet

rank from that of MoS since Montek enjoys Cabinet status as Deputy Chairman, Planning Commission.

Uncomfortable with hardcore politics and politicians, Montek has been meeting and courting Lalu Prasad Yadav and state Chief Ministers, and is looking at building bridges with the likes of Prakash Karat and Left comrades but so far with little success. Hence the decision to go in for a makeover, for as long as it lasts. **g**

'MY FAMILY WAS THINKING OF MY

Fifth in the IAS exam, she went on to tell the government

MORE girls should join the IAS as it really gives you the feel of the wonderful world that India is. Being a brilliant student, I had two career options: teaching or the IAS. Destiny brought me into this service.

Ours was a small family. My father was a civil surgeon in Srinagar, where I was born in 1946. After Partition, my father shifted to Jamshepur. He served Tata from 1949 to 1994. Tata allotted him a plot on lease and he opened his own clinic. I, the eldest daughter, have two sisters and a brother.

My schooling was completed in Sacred Heart Convent, Tatanagar. I passed out from Class XI with a first division and joined a BA course in Loreto Convent with history and political science. By then I had decided to appear for the IAS exam. In 1966, I came to Delhi, took admission in MA (political science) in Hindu College, and started preparing for the IAS exam. While I was taking the final year MA exam, I appeared for the IAS too.

I still recall having spent Rs 80 on the form for the IAS exam. While I was trying to shape my career, my parents were looking for a suitable match.

At the time, stories about the freedom movement were afloat. I was immensely influenced by Nehru and Gandhi, I could feel the sense of awakening and freedom in society. My father, too, was a great follower of Gandhi. While serving as a surgeon in Srinagar, he used to go to Lahore to listen to Gandhi's speeches.

Limited opportunities existed for girls. They could go into either medicine or teaching. But I was confident of making it to the IAS. After I topped in MA first year in Hindu College, I started preparing for

the IAS. I frequented Sapru House Library. I stood fifth in the IAS exam.

My father heard about my result on the radio but could not call me because of the poor communication network those days. Even I learned of my success only after I saw the newspaper the next day. My father threw a party in a club to celebrate. Back at Hindu College, I topped in MA Political Science the same year. It was a very important year of my life. Such is destiny! My family was thinking of my marriage and I joined the IAS at the age of 22.

The entire batch at Lal Bahadur Shastri Academy at Mussoorie was below 24 years. The advantage with young blood is that they can be trained and moulded as per the requirements and challenges of the service. We were taught law, public administration etc. We travelled across the country, saw the big plants of Steel Authority of India Limited and big dams. It was the introduction of India to me. This can only be possible in the IAS.

After completion of the training in 1969, I was appointed Joint Magistrate under training in Aligarh district of Uttar Pradesh, due to lack of facility for district training in Delhi for officers of the Union Territory cadre. I was sent for six months' training under a District Judge and learned the working of the courts.

In Delhi, I was posted as Sub-Divisional Magistrate, Lajpat Nagar. In those days, that area witnessed lots of demonstrations and we had to wear helmets. After two years there, I was shifted to the Delhi Government as Under-Secretary. AN Jha was Lieutenant Governor of Delhi and Vijay Kumar Malhotra was Chief Metropolitan Commissioner. For the first time in my life,



I came face to face with files. Half the Delhi government offices ran from old Secretariat and half from Alipur Road.

In 1970, I was married to the son of my father's friend – Vineet Nayyar. He was a 1960-batch IAS officer of the Haryana cadre. My cadre was changed to that of my husband's. I found it difficult to manage my grown-up daughter and another three-and-a-half years' one. Vineet was posted in the World Bank and was serving the Delhi government. We agreed that our life had become miserable and it was simply not possible for both of us to be on top. One had to sacrifice. It is practically not possible for both husband and wife to work and manage

'I never regretted that I was not selected for Cabinet Secretary despite the fact that during the selection process I was the seniormost serving officer in the country'



MARRIAGE, BUT I JOINED THE IAS'

t not to make beer and took steps for child and women's welfare



FOTOS/INDIA

Secretary and Member Secretary, National Commission for Women (NCW). In the NCW, I came to know of the plight of women in the country.

I joined as Additional Secretary, Adviser, Planning Commission. From there, I moved to Department of North-Eastern Region as Secretary and then to Ministry of Women and Child Development as Secretary. Arjun Singh was my Cabinet Minister and Renuka Chowdhury was Minister-in-Charge. As Secretary in this Ministry, I was able to bring about two things: setting up of a commission for children and making an Act for prevention of domestic violence. I used to say that more and more people should join the IAS and provide good governance to the nation.

I never regretted that I was not selected as Cabinet Secretary despite the fact that when the selection process started I was the seniormost serving officer in the country. There are many pressures and considerations regarding the kind of work a Cabinet Secretary does. No Prime Minister can ever afford to have a woman Cabinet Secretary. They never superseded me, they extended the term of BK Chaturvedi as Cabinet Secretary. I feel it was destined. Had God desired me as Cabinet Secretary, none could have changed His will. In my entire career, I never faced any political interference.

I have admired Indira Gandhi right from the days when I was posted as District Collector at her home, 1 Safdarjung Road. She used to smile and wave. She was a charismatic and daring leader. I still have her smiling face before me. When we used to smile and ask for photographs, she never disappointed us. I have high expectations of Rahul Gandhi and his young team. He will deliver and make India a happy nation.

There is no retirement in my life. Vineet, who is working in Pune as CEO with Mahindras, and I have set up a Vidya Foundation and we are coming up with two schools – in Noida and Pune. Vineet is building the schools from his savings. I am managing the affairs of Vidya Foundation. **g**

a family simultaneously. That perfection is not possible in life. I did not want to have a scattered family.

I took leave without pay in 1977 and went to join my husband in the US. While I nurtured my family, I paid the price for this leave in my career. But I am happy as a woman that I had a contented family and a happy married life.

I came back to India in 1985 and joined the Haryana government. Vineet, meanwhile, had resigned from the service but was lucky to have been chosen for the advertised post of Chairman and Managing Director, Gas Authority of India Limited. I also served the Haryana government as

Resident Commissioner, Haryana in Delhi and as MD, Haryana Breweries – producer of the famous beer, Rosy Pelican. The moment I joined, I made it clear that it was not the job of the government to produce beer. On my suggestion, Haryana Breweries was sold to Shaw Wallace.

When I learned that the Lok Sabha was looking for an IAS officer, I met the then Speaker, Shivraj Patil. He agreed to take me on deputation and I joined as Joint Secretary, in charge of questions, Parliament library, delegation and conference. I served the Lok Sabha for two years. After that I joined as Joint Secretary, Ministry of Finance, and Additional

MILESTONE

police initiative | jk tripathy

Extending the arm of the law Activism makes a difference

by ARUN LAVANIA

THERE is a jocular perception that crime starts visiting a peaceful area soon after a police station is set up. This perception is closely linked with the image of the police. Thus, to project an endearing image of the police is a Herculean task. Yet, JK Tripathy, a 1985-batch IPS officer of the Tamil Nadu cadre, successfully combatted this notion during his stint in Tiruchirapalli as Commissioner of Police. "Gang wars and communal outrages plagued the city during 1997-1999. Bomb explosions in trains, killing of innocent citizens, grenade attacks on police officers and planting of bombs in police establishments had struck terror in the minds of the public. There was mutual distrust between the police and public. The image of the police was at its lowest," he recalls.

"We decided to face the challenges by initiating a wide range of proactive strategies with public participation. The objective was to develop a healthy police-public relationship, improve professionalism, and enhance police image, bringing in transition from traditional to community-oriented philosophy. To achieve this, an attitudinal change among the police personnel was brought about gradually, focusing on target groups and areas, and the entire demographic profile," adds Tripathy.

Of the many visionary approaches the officer implemented, the Beat Officers' System was unique in that beat constables, reaching out to the grassroots, not only presented a humane face of the police but also attended to welfare and civic needs of the community such as verification of domestic helps, education on neighbourhood crime prevention, as well as special attention to senior citizens and locked houses.

This new *avatar* won the police the goodwill of ordinary people who, seeing the police going the extra mile, shed their antipathy towards the force and started volunteering for crime prevention. This resulted in a relatively crimeless scenario and flow of information about crime and criminals.

Other community-oriented proactive strategies included placing Complaint/Suggestion Boxes at vantage points in the city and



Tripathy: well-deserved recognition

networking all police stations through a Wide Area Network. These measures helped the police to keep assessing its functioning and redefining its role in the light of feedback received from the public. The public was also able to lodge complaints at any terminal without having to worry about the jurisdiction of particular police stations. The public also emailed suggestions in large numbers.

Women's empowerment was helped by having a helpline for women in the Women's Police Station. NGOs, women activists, lawyers and social workers were roped in to help. Adoption of slums in partnership with NGOs transformed them from dens of criminalization to productive neighbourhoods.

These community-oriented strategies have reaped tremendous success, with about 40 per cent reduction in incidents of crime from 11,289 registered during 1999 to 8005 during 2000. The figure reduced further to 7,750 during 2001 and thereafter stabilized at around 8,500. Further, there has been vast improvement in detection of crime – from 78 per cent prior to 1999, to 86 per cent during 2000 and 90 per cent last year.

Tripathy, now Inspector General of Police, Economic Offences Wing, Chennai, has won the Prime Minister's Award for Excellence in Public Administration under Individual Initiative. Trichy Community Policing is also the first Indian police project to receive the International Community Policing Award (2001) from the International Association of Chiefs of Police, Washington, during their 108th annual conference in Toronto. It also won the gold medal for Innovation in Governance (2002), conferred by the Commonwealth Association of Public Administration and Management at Glasgow.

"The success of these initiatives defied all expectations. The ultimate objective was achieved in forging an integral partnership between the police and the community aimed at improving the quality of life in the community," says the officer. **g**

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A question of waiting it out

Investors have been in for some real tough times as everything appears to be going wrong simultaneously. Not only that, equities have been drifting lower with each passing day, causing some real shocks; and the real interest income from savings kept with banks have also started yielding negative returns with inflation shooting past 11 per cent. The only question now is how low and how long it can go on. The theory of "Boom Doom and Gloom" seems to have come full circle with gloom now quite visible in the markets.

The markets have reacted quite sharply to every bit of negative news recently and are now the worst performer among emerging markets. The valuations still appear stretched, trading at a PE of 18 times compared with 10-12 times in most emerging markets like Brazil. Most analysts now admit a decisive slowdown in economic growth,

ernment's options for further hikes, the widening fiscal deficit is going to be the economy's major concern. Moreover, any further rise in domestic oil prices will add to the already soaring rate of inflation.

In this scenario, it is unlikely that we will see big money being pumped into the markets. FIIs are looking at developed countries such as the US, where the economic uptrend or recovery appears to come sooner – compared to India. The net FII outflows of about Rs 22,000 crore from the cash market so far this year is testimony to this shift. Despite sharp correction witnessed by Indian markets, FIIs have been a net seller for an aggregate amount of around Rs 10,000 crore in both cash and futures market during the first half of June alone. So FIIs are unlikely to bring in fresh money until they are confident of a marked improvement in the macro economic environment mainly led by oil price

inflation, depreciating rupee and widening current account deficit.

The corporate sector, in turn, will find it difficult to raise capital for growth and expansion with valuations going down in a weak equity market. The rise in interest rates may further add to its woes. The only solace is that there doesn't appear to be a credit crunch in the system and liquidity till date is reasonably good.

For investors looking to invest for the long term, a gloomy scenario like this is the best time to invest. However, they need to scale down their expectations on returns from equities in general. In the short term, there may be some more pain due to further tightening of money supply, higher interest rates, squeeze in demand for goods and services, and sluggish growth in investments. But decline in stocks is only a correction in a bull market. Once the current phase of high inflation and political uncertainty passes, the markets should start looking up. India has achieved a GDP growth rate

of 8 per cent plus for the last two years with a political set-up that failed to push through any reforms. With the monsoon expected to be good, if we have a stable government that can restart the reforms process, the Indian markets will have everything to do well in the long-term.

Lakshmi Machine Works Limited (LMW) (CMP Rs 1166)

Founded in 1962 and headquartered in Coimbatore, LMW is one of the three companies globally to manufacture the entire range of textile machinery. It is the largest manufacturer of spinning machines in the world. It operates in three divisions – Textile Machinery, Machine Tools and Foundry. The company is a leader in manufacturing customized products and commands a 60 per cent share in the domestic Textile Spinning Machinery Industry.

The management is setting up a green field unit to manufacture textile machinery in China (the biggest textile manufacturing hub) at an initial capex of \$20 million with the facility expected to be operational in the next 12 months.

For the financial year 2008, the company had posted a 17.5 per cent rise in profits to Rs 2,423 million. But higher depreciation charges and input costs have impacted the profits of the fourth quarter adversely.

The stock trades at a PE of less than 6.00 times to its trailing 12 months' EPS of Rs 196 for a Rs 10 paid-up share. The company has an uninterrupted dividend record with the latest dividend being 400 per cent.

An investment at the present valuations is not only safe but can yield decent returns. Also, there can be positive triggers in the form of the depreciating rupee and subsequent turnaround in the fortunes of the textile industry. Moreover, successful penetration of the Chinese market can improve the fortunes of the company. **g**



For investors looking to invest for the long term, a gloomy scenario like this is the best time to invest. However, they need to scale down their expectations on returns from equities

settling somewhere between 7 and 7.5 per cent for 2009, with growth in corporate profits slowing down to 15 per cent. This is mainly due to the high inflation rate and consequent monetary tightening that RBI is likely to resort to, including a further hike in CRR, repo rates or even interest rates.

High crude prices are playing havoc with India being heavily dependent on imports for its emerging needs. Despite a recent hike in domestic prices, oil continues to remain subsidized. With a further rise in global oil prices and an election year limiting the gov-

The author has no exposure in the stock recommended in this column. gfiles does not accept responsibility for investment decisions by readers of this column. Investment-related queries may be sent to gfilesindia@gmail.com with Dr Sood's name in the subject line.

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For the complete list, see www.indianbuzz.com

TRACKING

For a complete list of appointments & retirements, see www.indianbuzz.com

ASHA SWAROOP

The 1973-batch IAS officer of the Himachal Pradesh cadre has taken over as the Chief Secretary of the state.

KULJIT SINGH BAINS

The 1976-batch IPS officer of the Rajasthan cadre has become Director General of Police of the state.

LN GUPTA

The 1986-batch IAS officer of the Orissa cadre is now Joint Secretary in the Ministry of Petroleum.

VIJAY BHASKAR

The 1983-batch IAS officer of the Karnataka cadre is now Joint Secretary in the Department of Drinking Water Supply, Ministry of Rural Development.

AJIT GUPTA

The 1991-batch IFS officer has become Deputy Director General, Indian Council for Cultural Relations.

HEM KUMAR PANDE

The 1982-batch IAS officer of the West Bengal cadre has joined the Government of India as Joint Secretary in the Ministry of Forests and Environment.

KV EAPAN

The 1984-batch IAS officer of the Assam-Meghalaya cadre is the new Joint Secretary, Banking, Government of India.

SUBHASH CHANDRA

The 1986-batch IAS officer of the Karnataka cadre has become Joint Secretary in the Ministry of Defence.

NEERAJ MITTAL

The 1992-batch IAS officer of the Tamil Nadu cadre is now PS to the Union Minister of State for Communication & Information Technology.

RP SINGH

The 1987-batch IPS officer of the Uttar Pradesh cadre has been appointed Inspector General, Intelligence in the state.

SHAM SINGH KAPUR

The 1974-batch IAS officer of the Jammu & Kashmir cadre has taken over as the Chief Secretary of the state.

NARENDRA KUMAR

The 1988-batch IAS officer of AGMUT cadre has joined the Goa government.

DC SAGAR

The 1992-batch IPS officer of the Madhya Pradesh cadre has joined the Cotton Corporation of India as Chief Vigilance Officer.

PB MAHISHI

The retired 1972-batch IAS officer of the Karnataka cadre has become Chairman of the Bangalore Development Authority.

SHALINI PRASAD

The 1985-batch IAS officer of the Uttar Pradesh cadre is now Joint Secretary, National AIDS Control Organization.

NARESH NARAD

The retired 1968-batch IAS officer of the Madhya Pradesh cadre is now Chairman of the Public Enterprises Selection Board.

RS JASSAL

The 1976-batch IFS officer has been appointed India's next Ambassador to Turkey.

CHINMOY BASU

The 1977-batch IAS officer of the Orissa cadre has become Additional Secretary, Land Resources in the Ministry of Rural Development.



UN award for Pandey effort

Secretary, Ministry of Steel Raghav Sharan Pandey, a 1972-batch IAS officer of the Nagaland cadre, received the United Nations Public Service Award on June 23, 2008 at the UN Headquarters in New York. He was given the award for conceiving and implementing communitisation of Public Institutions and Services during 2002-04 when he was the Chief Secretary of the state. The programme has resulted in significant improvement in education, power and health sectors. Pandey has also won the Prime Minister's Award for Excellence in Public Administration.

Pandey headed a three-member delegation, including the present Chief Secretary to the Government of Nagaland, Lalhuma, and V Sakhri, Secretary to the government of Nagaland which received the award. The award consists of a trophy and a certificate.

There are twelve winners from different parts of the world this year, including the Indian programme.

MOVING ON: ias and ips officers retiring in July 2008

ANDHRA PRADESH

Sunil Khatri (1972)

BIHAR

MM Singh (1972)
Upendra Sharma (1993)

CHHATTISGARH

Shivraj Singh (1973)

HARYANA

Deepa Jain Singh (1971)

JHARKHAND

Prem P Sharma (1971)
S D Sharma (1972)

KARNATAKA

Usha Ganesh (1973)

MADHYA PRADESH

SK Vashistha (1985)

MANIPUR-TRIPURA

AP Sharma (1972)

V Ramnath (1974)

RAJASTHAN

Hari K Damor (1989)

TAMIL NADU

N Narayanan (1970)
MS Srinivasan (1971)

UTTAR PRADESH

Shivpal S Solanki (1990)
ON Mishra (1993)

UNION TERRITORIES

Chhering Targay (1976)

WEST BENGAL

S Chakraborty (1991)

ips

MADHYA PRADESH

SP Pandey (1974)

BIHAR

MK Sinha (1971)

B Ahmed (1991)

MANIPUR-TRIPURA

KTD Singh (1974)

NAGALAND

N Anonochet Ao (1975)

TAMIL NADU

SP Mathur (1972)

UTTAR PRADESH

Vijaya Shanker (1969)

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Nonetheless, because of the stringent production and newsgathering standards we have maintained, we have been absorbing significant losses. We fully anticipated them. But, thanks to our readers' patronage and loyalty, we have been able to build a quality brand that began to get advertising support from the third month after we commenced production. This, however, has been less than we were expecting in order to upscale our product and to give it better readability, visuals, and visibility.

We have decided, however, to expand the scope of our coverage in order to include areas such as IRS, Postal Service, Indian Defence Accounts Services, Railways, allied services, and more news from the states by increasing the pages and strengthening our team so that our readers will continue to receive exclusive, high-quality information that is not available to them through any other channel.

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Sobriety is not dead

WEDDINGS in the families of senior civil servants are marked by blatant display of wealth, extravaganza and power. The trend has hardly changed even after the appeal by Prime Minister Manmohan Singh to exercise financial discipline in the wake of rising inflation.

However, the Secretary, Department of Personnel and Training, Satyanand Mishra, recently set an example by holding the marriage of his daughter, Sulagna, with Sudipta on June 27 at a Bhubaneswar hotel without



pomp and show. The invitation card was simple and the ceremony was held in the daytime to avoid unnecessary expenditure on lighting and decoration. Invitees included a handful of his personal friends, family friends and bureaucrats from his cadre.

Double whammy for oil companies

Following the hike in prices of petrol and diesel by Rs 5 and Rs 3 per litre respectively, the government announced a cut in custom and excise duties on petroleum products. This was done so that select oil-importing domestic companies could refine and sell in the country. The government intended to absorb the burden of the price hike by this meas-

ure and provide relief to consumers.

However, characteristically viewing this as an opportunity presented to them on a silver platter, some big industrial houses engaged in hectic lob-



bying and got this concession extended to all the companies – whether they sell petrol in India or export it. In the process, it is believed the beneficiary companies, including some belonging to a top private sector industrial house, benefited both from the reduction in custom duties on the one hand as well as the lower excise duty on the other. Instead of limiting their sales to within the country, they allegedly exported petrol and earned millions of dollars!

Silent pressure on Lanka

THE recent hush-hush visit to Colombo by India's top security establishment bureaucrats – National Security Adviser MK Narayanan, Foreign Secretary Shiv Shankar Menon, and Defence Secretary Vijay Singh – was billed as an exploratory visit to assess security arrangements for the upcoming summit of heads of government of SAARC nations in the Sri Lankan capital that has been the target of LTTE terrorist attacks.

But analysts are not buying that line. No high-powered trinity visits a neighbouring

country for a day just to inspect police bandobust. The story behind the story is that it was prompted largely by India's domestic compulsions – the need to assuage the concerns of Tamil parties (many of whom support the Tamil cause in Sri Lanka) and keep them on the government bandwagon in case of a no-confidence motion on the nuclear deal. It was a visible attempt to show Tamil leaders that the Manmohan Singh government is taking a more high-profile interest in Sri Lanka and is searching for a political solution there.

The Indian government is worried that Sri Lanka is looking only at a military solution. But, for the time being, the delegation was satisfied with the answers it received from Sri Lankan Defence Secretary Gothabaya Rajapakse, and President Mahinda Rajapakse personally that the military strategy is to "soften" the ter-



rorist strongholds and force them to negotiate.

What also figured in the talks was India's growing nervousness at Sri Lanka's cosying up to China which has emerged as a major arms supplier to that nation. Rajapakse assured the Indian emissaries that he will never allow any third country, including China, to gain any strategic eminence in Sri Lanka at India's expense.

Power, and its avatars

AFTER the National Commodity and Derivatives Exchange Limited was banned from trading in foodgrains as the trading resulted in hike in prices, the prospect of India's first national-level power exchange, Indian Energy



Exchange Limited, for trading in electricity, looms large over consumers.

Financial Technologies India and PTC India have received approval from the Central Electricity Regulatory Commission (CERC) for this. Other stakeholders in the venture are Reliance Energy, Adani Enterprises, Tata Power, Rural Electrification Corporation, et al.

The Power Ministry and a powerful political house, which were earlier opposed to any such move, have reportedly given up as the inducement to support such a proposal was huge.

What is stopping such a proposal is a senior bureaucrat. Sources say he feels that this will monopolize the power sector, leaving consumers at the mercy of a few business houses. After the CERC's no-objection certificate, the proposal needs Cabinet approval. Hectic lobbying has begun for the approval at every stage. But the bureaucrat – beyond the lure of inducement – is sitting like a rock on the proposal! **g**

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